

## Message Text

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SUBJ: VENEZUELAN LEADERS COMMENT ON OIL NATIONALIZATION

1. BEGIN SUMMARY. ON THE EVE OF VENEZUELA'S NATIONALIZATION OF TIS PETROLEUM INDUSTRY JANUARY 1, A NUMBER OF VENEZUELAN LEADERS HAVE MADE STATEMENTS ABOUT THE FUTURE OF THE INDUSTRY. THE MOST SIGNIFICANT WAS ONE BY PRESIDENT PEREZ IN WHICH HE CRITICIZED US LEADERS FOR ATTEMPTING TO SET NORMS FOR THE DEVELOPMENT OF OTHER COUNTRIES.  
END OF SUMMARY.

2. PRESIDENT CARLOS ANDRES PEREZ'S HARSH CRITICISM OF US LEADERS WAS CONTAINED IN AN INTERVIEW PUBLISHED THIS WEEK IN THE NEWS MAGAZINE RESUMEN (WHICH INTERVIEW WAS ALSO TELEVISED DECEMBER 30). PEREZ SAID HE DID NOT BLAME THE AMERICAN PEOPLE FOR THEIR LEADERS' POLICIES. "I BLAME THE INTELLECTUAL, POLITICAL AND ECONOMIC LEADERS OF THIS GREAT NORTH AMERICAN NATION, "PEREZ CONTINUED, "BECAUSE THEY HAVE LIVED ACCORDING TO AN ARROGANT EGOISM, CLAIMING THAT THEIR GREAT WEALTH AND EXTRA-ORDINARY DEVELOPMENT GIVE THEM THE RIGHT TO SET THE NORMS FOR THE DEVELOPMENT OF LIFE IN OTHER COUNTRIES."

3. REFERRING TO SECRETARY KISSINGER'S RECENT STATEMENT

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THAT THE US CANNOT ALLOW OTHER COUNTRIES TO DETERMINE ITS

BEHAVIOR, PEREZ STATED THAT THE SMALL COUNTRIES "ARE NO LESS ABLE TO PERMIT OTHERS TO CONTINUE SETTING ECONOMIC RULES FOR US AND THE WAYS WE CAN PARTICIPATE IN COMMERCE AND WORLD TRADE." COMMENTING ON VENEZUELA'S NATIONALIZATION OF ITS OIL INDUSTRY, PEREZ NOTED THAT "ONLY EXCESSIVELY OPTIMISTIC VENEZUELAN'S" BELIEVE VENEZUELA IS NOT TAKING A RISK BY ASSUMING CONTROL OF ITS BASIC INDUSTRY, BUT DECLARED THAT NATIONALIZATION WILL LEAD TO VENEZUELA'S "AUTHENTIC ECONOMIC INDEPENDENCE."

4. PEREZ SAID IT IS DISTURBING THAT THE OPPOSITION PARTIES HAD CHOSEN TO OPPOSE THE GOV'S NATIONALIZATION POLICY. STRIKING BACK AT THE OPPOSITION, HE STATED THAT HE HAD BEEN SURPRISED THAT "POLITICAL PARTIES, AND PARTICULARLY DEMOCRATIC POLITICAL PARTIES, SHOULD ASSUME THIS ATTITUDE DURING NATIONALIZATION BECAUSE IT SERVES TO WEAKEN THE NEGOTIATING CAPACITY OF THE GOVERNMENT WITH THE TRANSNATIONAL COMPANIES."

5. CONCERNING THE FUTURE OF THE PETROLEUM INDUSTRY, PEREZ STATED HE BELIEVED WELLS PRODUCING CONVENTIONAL PETROLEUM SHOULD BE CLOSED "AS SOON AS POSSIBLE" TO STIMULATE THE PRODUCTION OF NONCONVENTIONAL CRUDES FOR EXPORT I.E., ORINOCO TAR BELT. HE NOTED THAT THE GOV HAS BEGUN TALKS WITH AN ITALIAN-SWISS CONSORTIUM ON THE POSSIBILITY OF INTRODUCING NUCLEAR POWER TO VENEZUELA. PEREZ SAID THAT HE WOULD ANNOUNCE A "COORDINATED, COHERENT AND AMBITIOUS" PETROCHEMICAL PLAN IN HIS JANUARY 1 SPEECH, ADMITTING THAT VENEZUELA'S PETROCHEMICAL INDUSTRY HAS BEEN A "DISASTER."

6. EX-PRESIDENT ROMULO BETANCOURT IS QUOTED IN THE PRESS THIS WEEK AS HAVING SAID THAT THE GOV HAD ALWAYS ACTED WITH A "HIGH SENSE OF RESPONSIBILITY" IN PETROLEUM MATTERS. HE STATED THAT DURING THE INDEMNIFICATION NEGOTIATIONS WITH THE OIL COMPANIES THE GOV REJECTED OVERLY LARGE PAYMENTS AS COMPENSATION AND DID NOT MENTION "ASSOCIATION CONTRACTS." BETANCOURT PRAISED THE TECHNICAL CAPACITY AND HONESTY OF THE ADMINISTRATORS OF THE NATIONALIZED OIL INDUSTRY WHO WILL CONFRONT THE TWIN DANGERS OF "BUREAUCRACY AND ADMINISTRATIVE CORRUPTION".

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7. OTHER VENEZUELAN'S POLITICAL LEADERS THIS WEEK EXPRESSED VARYING DEGREES OF OPTIMISM OVER PETROLEUM NATIONALIZATION. AD DEPUTY CELESTINO ARMAS, A PARTY SPOKESMAN ON OIL MATTERS, STATED THAT VENEZUELA SHOULD DRAW UP A NEW ENERGY POLICY THAT MIGHT INCLUDE GOV PARTICIPATION IN THE TRANSPORT AND INTERNATIONAL DISTRIBUTION OF PETROLEUM COUPLED WITH EFFORTS TO DIVERSIFY MARKETS AND SOURCES OF SUPPLY. ARMAS SAID THE GREATEST RISK IN NATIONALIZATION MIGHT BE THE "LACK OF CONFIDENCE IN

OURSELVES." COPEI DEPUTY ABDON VIVAS TERAN REGRETTED THAT NATIONALIZATION WAS NOT "TRULY INTERGRAL" AND STATED HIS PARTY'S CONVICTION THAT VENEZUELA IS FACING DIFFICULTIES MARKETING ITS OIL BECAUSE OF THE PEREZ ADMINISTRATION'S "MISTAKEN AND IRRATIONAL POLICIES." MAS DEPUTY FREDDY MUNOZ SAID HIS PARTY WISHED THE GOV SUCCESS IN DIRECTING THE NATIONALIZED INDUSTRY AND PROMISED MAS'S SUPPORT AS LONG AS NATIONALIZATION LED TO SOCIAL ADVANCES. URD DEPUTY RAMON TENORIO SIFONTES SAID NATIONALIZATION REQUIRED A "NATIONAL POLICY" AND URGED THE GOV NOT TO ACT "ALONE, IN SECRET, OR BEHIND THE COUNTRY'S BACK." DEPUTY AMERICO MARTIN OF THE MARXIST MIR PARTY STATED THAT NATIONALIZATION WAS NOT YET A CLOSED BOOK BECAUSE VENEZUELA IN 1976 MUST OVERCOME "BLACKMAIL AND PRESSURES" IN ORDER TO INSURE STABLE AND DIVERSE MARKETS. CCN DEPUTY PABLO SALAS CASTILLO (WHOSE MINISCULE PARTY GAVE UNFLINCHING SUPPORT TO AD THROUGH OUT NATIONALIZATION PROCESS) WARNED THAT ALL VENEZUELAN SHOULD STRIVE FOR THE SUCCESS OF NATIONALIZATION SINCE THE COUNTRY'S DESTINY IS AT STAKE.

8. IN OTHER COMMENT, HERNAN ANZOLA, VICE MINISTER OF MINES AND HYDROCARBONS, MAINTAINED THAT NATIONALIZATION IS COMING AT A TIME WHEN THE PETROLEUM MARKET IS IMPROVING, AND THAT THIS WILL STRENGTHEN THE POSITION OF THE OPEC COUNTRIES AND BENEFIT THE THIRD WORLD. ANZOLA NOTED THAT ALL REPORTS INDICATE THAT THE INDUSTRIALIZED COUNTRIES WILL CONTINUE TO BE DEPENDENT ON THE OPEC COUNTRIES FOR THEIR SOURCES OF ENERGY.

9. FEDECAMARAS EXPRESSED THE SENTIMENTS OF THE BUSINESS COMMUNITY IN STATING NATIONALIZATION PRESENTS VENEZUELA WITH A "CHALLENGE A COMMITMENT, AND A DILEMMA" THAT DEMANDS THE SOLIDARITY AND SUPPORT OF THE ENTIRE COUNTRY.

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10. COMMENT. WHILE ALL THE MAJOR PARTIES HOPE THAT NATIONALIZATION WILL BE SUCCESSFULLY CARRIED OUT, THE OPPOSITION PARTIES HAVE MADE IT PLAIN THEY WILL MISS NO OPPORTUNITY TO MAKE POLITICAL CAPITAL OUT OF PERCEIVED DIFFERENCES OVER THE BEST MEANS OF IMPLEMENTING NATIONALIZATION.  
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